

EXHIBIT B

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **October 31, 2006**

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number **1-4423**

HEWLETT-PACKARD COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-1081436
(I.R.S. employer
identification no.)

3000 Hanover Street, Palo Alto, California
(Address of principal executive offices)

94304
(Zip code)

Registrant's telephone number, including area code: **(650) 857-1501**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value \$0.01 per share	New York Stock Exchange
Liquid Yield Option™ Notes due 2017	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was \$90,860,054,190 based on the last sale price of common stock on April 28, 2006.

The number of shares of HP common stock outstanding as of November 30, 2006 was 2,720,808,149 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's notice of annual meeting of stockholders and proxy statement to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2006 are incorporated by reference into Part III of this Report.

10-K PART

III

Hewlett-Packard Company
Form 10-K
For the Fiscal Year Ended October 31, 2006

Table of Contents

	<u>Page</u>
PART I	
Item 1. Business	3
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	30
Item 2. Properties	30
Item 3. Legal Proceedings	31
Item 4. Submission of Matters to a Vote of Security Holders	31
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	32
Item 6. Selected Financial Data	33
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	68
Item 8. Financial Statements and Supplementary Data	70
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	142
Item 9A. Controls and Procedures	142
Item 9B. Other Information	142
PART III	
Item 10. Directors and Executive Officers of the Registrant	143
Item 11. Executive Compensation	143
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	143
Item 13. Certain Relationships and Related Transactions	143
Item 14. Principal Accountant Fees and Services	143
PART IV	
Item 15. Exhibits and Financial Statement Schedules	144

ITEM 8. Financial Statements and Supplementary Data.**Table of Contents**

Report of Independent Registered Public Accounting Firm	71
Management's Report on Internal Control Over Financial Reporting	73
Consolidated Statements of Earnings	74
Consolidated Balance Sheets	75
Consolidated Statements of Cash Flows	76
Consolidated Statements of Stockholders' Equity	77
Notes to Consolidated Financial Statements	78
Note 1: Summary of Significant Accounting Policies	78
Note 2: Stock-Based Compensation	86
Note 3: Net Earnings Per Share ("EPS")	92
Note 4: Balance Sheet Details	93
Note 5: Supplemental Cash Flow Information	95
Note 6: Acquisitions	95
Note 7: Goodwill and Purchased Intangible Assets	98
Note 8: Restructuring Charges	99
Note 9: Financial Instruments	101
Note 10: Financing Receivables and Operating Leases	106
Note 11: Guarantees	107
Note 12: Borrowings	108
Note 13: Taxes on Earnings	111
Note 14: Stockholders' Equity	115
Note 15: Retirement and Post-Retirement Benefit Plans	117
Note 16: Commitments	126
Note 17: Litigation and Contingencies	127
Note 18: Segment Information	134
Quarterly Summary	141

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2006	2005	2004
	In millions, except per share amounts		
Net revenue:			
Products	\$73,557	\$68,945	\$64,046
Services	17,773	17,380	15,470
Financing income	328	371	389
Total net revenue	<u>91,658</u>	<u>86,696</u>	<u>79,905</u>
Costs and expenses:			
Cost of products	55,248	52,550	48,659
Cost of services	13,930	13,674	11,962
Financing interest	249	216	190
Research and development	3,591	3,490	3,563
Selling, general and administrative	11,266	11,184	10,496
Amortization of purchased intangible assets	604	622	603
Restructuring charges	158	1,684	114
In-process research and development charges	52	2	37
Pension curtailment	—	(199)	—
Acquisition-related charges	—	—	54
Total operating expenses	<u>85,098</u>	<u>83,223</u>	<u>75,678</u>
Earnings from operations	<u>6,560</u>	<u>3,473</u>	<u>4,227</u>
Interest and other, net	606	189	35
Gains (losses) on investments	25	(13)	4
Dispute settlement	—	(106)	(70)
Earnings before taxes	7,191	3,543	4,196
Provision for taxes	993	1,145	699
Net earnings	<u>\$ 6,198</u>	<u>\$ 2,398</u>	<u>\$ 3,497</u>
Net earnings per share:			
Basic	<u>\$ 2.23</u>	<u>\$ 0.83</u>	<u>\$ 1.16</u>
Diluted	<u>\$ 2.18</u>	<u>\$ 0.82</u>	<u>\$ 1.15</u>
Weighted average shares used to compute net earnings per share:			
Basic	<u>2,782</u>	<u>2,879</u>	<u>3,024</u>
Diluted	<u>2,852</u>	<u>2,909</u>	<u>3,055</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Exhibit 31.1

CERTIFICATION

I, Mark V. Hurd, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hewlett-Packard Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2006

/s/ MARK V. HURD

Mark V. Hurd
*Chairman, Chief Executive Officer and President
(Principal Executive Officer)*

Exhibit 31.2

CERTIFICATION

I, Robert P. Wayman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hewlett-Packard Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2006

/s/ ROBERT P. WAYMAN

Robert P. Wayman,
*Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)*

Exhibit 32

**CERTIFICATION
OF
CHIEF EXECUTIVE OFFICER
AND
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark V. Hurd, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Hewlett-Packard Company for the fiscal year ended October 31, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Hewlett-Packard Company.

December 15, 2006

By: /s/ MARK V. HURD

Mark V. Hurd
Chairman, Chief Executive Officer and President

I, Robert P. Wayman, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Hewlett-Packard Company for the fiscal year ended October 31, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Hewlett-Packard Company.

December 15, 2006

By: /s/ ROBERT P. WAYMAN

Robert P. Wayman
*Executive Vice President and
Chief Financial Officer*

A signed original of this written statement required by Section 906 has been provided to Hewlett-Packard Company and will be retained by Hewlett-Packard Company and furnished to the Securities and Exchange Commission or its staff upon request.

www.hp.com/investor/home

More information on HP's non-financial performance is available in our Global Citizenship Report at www.hp.com/go/report. Cover printed on 100-percent recycled paper. © 2007 Hewlett-Packard Development Company, L.P. The information contained herein is subject to change without notice. The only warranties for HP products and services are set forth in the express warranty statements accompanying such products and services. Nothing herein should be construed as constituting an additional warranty. HP shall not be liable for technical or editorial errors or omissions contained herein.

4AA0-8557ENW 01/22/07